

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 CIAE-00 DODE-00 PM-05 H-02
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15
ICA-20 AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 STR-07 CEA-01 /129 W
-----043520 132104Z /14

R 131925Z JUN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9364
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
USMISSION USNATO
USMISSION GENEVA
AMEMBASSY BERN
AMEMBASSY BRUSSELS

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: UNEMPLOYMENT CONTINUES TO DECLINE SEASONALLY

REF: (A) BONN 10260; (B) BONN 8799; (C) BONN 8905;
(D) BONN 10181

SUMMARY: THE CONTINUED DECLINE IN NON-SEASONALLY
ADJUSTED UNEMPLOYMENT FROM A RATE OF 4.4 PERCENT
IN APRIL TO 4 PERCENT IN MAY, THE LOWEST FIGURE
SINCE 1974, WAS ROUNDLY WELCOMED BY OFFICIALS IN
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THE FRG. THE PRESIDENT OF THE FEDERAL EMPLOYMENT
SERVICE, STINGL, CAUTIONED, HOWEVER, THAT THE LABOR
MARKET REMAINS "PARALYZED" AND THAT THERE ARE NO
SIGNS OF AN ECONOMIC REVIVAL. UNEMPLOYMENT WAS
THE MAJOR ISSUE UNDER DISCUSSION AT THE DGB CON-
VENTION IN HAMBURG FROM MAY 21 TO 26. TRADE
UNIONISTS CONTINUE TO VIEW A REDUCTION IN WORKING

HOURS AS A STRUCTURAL SOLUTION TO UNEMPLOYMENT. END
SUMMARY.

1. AN UPDATED REVIEW OF THE UNEMPLOYMENT STATISTICS
PUBLISHED BY THE FEDERAL EMPLOYMENT SERVICE
FOLLOWS (ALL TOTALS IN THOUSANDS, ALL RATES IN
PERCENTAGES):

UNEMPLOYMENT		COMPARISONS					
		MAY 78		APRIL 78		MAY 77	
		TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
SEAS. ADJ.	997			990		1.037	
NON-SEAS.	913	4.0	1.000	4.4	946.5	4.2	
ADJ.							
MEN	439.2	3.1	495.0	3.5	464.1	3.3	
WOMEN	473.8	5.6	505.4	5.9	482.4	5.7	
REG. JOB	254.9		257.1		242.8		
OPENINGS							
PART TIME	235.3		297.8		317.1		
WORKERS							
FOREIGN	96.5	4.9	105.5	5.4	89.0	4.4	
WORKERS							
YOUTH	70.5	3.3	79.5	3.7	80.0	3.7	
(UNDER 20)							
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2. THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE, STINGL, AGREED THAT THE DECLINE IN UNEMPLOYMENT DURING MAY WAS "SUBSTANTIAL", BUT HE QUICKLY WARNED AGAINST DRAWING ANY "FALSE CONCLUSIONS". HE NOTED THAT THERE IS TOO LITTLE DYNAMIC MOVEMENT IN THE ECONOMY AND ADDED THAT ONE COULD EVEN SPEAK OF A "PARALYZATION" OF THE LABOR MARKET. STINGL WAS PARTICULARLY CONCERNED OVER CONTINUING HIGH UNEMPLOYMENT IN DENSELY INDUSTRIALIZED AREAS. NORTH RHINE-WESTPHALIA, FOR EXAMPLE, REGISTERED THE LOWEST DECLINE (6.7 PERCENT) DURING MAY.

3. THE FEDERAL EMPLOYMENT SERVICE REFERRED TO SOME POSITIVE ASPECTS OF THE MAY STATISTICS, SUCH AS THE DECLINE IN YOUTH UNEMPLOYMENT AND THE REDUCTION IN THE NUMBER OF PART-TIME WORKERS. ON THE OTHER HAND, LABOR DEMANDS SLOWED DOWN DURING MAY. THE SLOW-DOWN MAY BE ATTRIBUTED IN PART TO THE FACT THAT MAY 1978 HAD TWO WORKING DAYS LESS THAN MAY

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1977. THIS MAY ALSO EXPLAIN THE DECLINE IN THE NUMBER
OF JOB PLACEMENTS WHICH IN MAY 1978 WAS 12.3 PERCENT
LOWER THAN ONE YEAR EARLIER.

4. ON A REGIONAL BASIS, THE BEST RESULTS WERE OBTAINED
AGAIN IN BADEN-WUERTTEMBERG WITH AN UNEMPLOYMENT RATE
OF 2.4 PERCENT, FOLLOWED BY SOUTH BAVARIA WITH 3.1
PERCENT AND HESSE WITH 3.4 PERCENT. THE HIGHEST
UNEMPLOYMENT RATE WAS REGISTERED AGAIN IN LOWER
SAXONY-BREMEN WITH 5 PERCENT, FOLLOWED BY NORTH RHINE-
WESTPHALIA WITH 4.8 PERCENT, AND RHINELAND-PALATINATE-
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SAARLAND WITH 4.6 PERCENT. THE DECLINE IN THE JOBLESS RATE WAS GREATEST IN THOSE AREAS WHERE WEATHER CONDITIONS HAVE A MAJOR IMPACT ON THE LABOR MARKET, SUCH AS IN SOUTH BAVARIA WHICH DROPPED 13.3 PERCENT, AND IN SCHLESWIG-HOLSTEIN-HAMBURG WITH 11.6 PERCENT. THE DECLINE WAS LOWEST IN NORTH RHINE-WESTPHALIA (6.7 PERCENT) WHERE SEASONAL CONDITIONS PLAY A COMPARATIVELY MINOR ROLE.

5. THE SEASONALLY ADJUSTED FIGURES WENT UP FROM 990,000 IN APRIL TO 997,000 IN MAY, BUT REMAIN BELOW THE 1 MILLION MARK. THIS LEVEL WAS SURPASSED FOR THE FIRST TIME IN APRIL 1975, AND SEASONALLY ADJUSTED FIGURES HAD REMAINED ABOVE THAT LEVEL UNTIL APRIL 1978.

6. THE GOVERNMENT AND ALL POLITICAL PARTIES WELCOMED THE DEVELOPMENT ON THE LABOR MARKET WHICH, FOR THE FIRST TIME THIS YEAR, BROUGHT SEASONALLY NON-ADJUSTED UNEMPLOYMENT FIGURES BELOW THE "MAGIC" ONE MILLION MARK. A GOVERNMENT SPOKESMAN, GRUENEWALD, STRESSED THE FACT THAT UNEMPLOYMENT IN MAY HAD REACHED THE LOWEST LEVEL IN FOUR YEARS. HE WAS PARTICULARLY PLEASED WITH THE DECLINE IN YOUTH UNEMPLOYMENT. THE SPD'S SOCIAL POLICY EXPERT, GLOMBIG, STRESSED THE SEASONAL CHARACTER OF THE DECLINE AND RENEWED PREVIOUS PROPOSALS TO AMEND THE 40-YEAR OLD LAW ON WORKING HOURS AND TO REDUCE THE RETIREMENT AGE FOR SEVERELY DISABLED PERSONS. FDP BUNDESTAG DEPUTY CRONENBERG ADVOCATED THE PREPARATION OF SPECIAL MANPOWER PROGRAMS IN COOPERATION WITH MANAGEMENT. CDU/CSU BUNDESTAG DEPUTIES ALSO WELCOMED THE DEVELOPMENT ON THE LABOR MARKET, BUT WARNED AGAINST ANY "PREMATURE OPTIMISM."
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7. THE DGB NATIONAL CONVENTION IN HAMBURG FROM MAY 21 TO 26 HAD AN INTENSIVE AND COMPREHENSIVE DISCUSSION ON THE UNEMPLOYMENT PROBLEM; IT WAS ALSO REFLECTED IN THE RESOLUTIONS AND IN DGB PRESIDENT VETTER'S BASIC POLICY SPEECH (REF C AND D). THE DELEGATES CONSIDERED A DRASTIC REDUCTION IN WEEKLY

WORKING HOURS AS LOW AS 35 HOURS WITH FULL COMPENSATION IN PAY AS THE BEST POSSIBLE SOLUTION TO THE UNEMPLOYMENT PROBLEM.
STOESSEL

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